Security Council

Sixtieth year

Provisional

5256th meeting

Wednesday, 7 September 2005, 10 a.m.

New York

President:	Mr. Baja	(Philippines)
Members:	Algeria	Mr. Baali
	Argentina	Mr. Mayoral
	Benin	Mr. Aho-Glele
	Brazil	Mr. Sardenberg
	China	Mr. Zhang Yishan
	Denmark	Ms. Løj
	France	Mr. De La Sablière
	Greece	Mr. Vassilakis
	Japan	Mr. Oshima
	Romania	Mr. Motoc
	Russian Federation	Mr. Denisov
	United Kingdom of Great Britain and Northern Ireland	Sir. Emyr Jones Parry
	United Republic of Tanzania	Mr. Manongi
	United States of America	Mr. Bolton

Agenda

The situation concerning Iraq

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05-48154 (E)

The meeting was called to order at 10.25 a.m.

Adoption of the agenda

The agenda was adopted.

The situation concerning Iraq

The President: I should like to inform the Council that I have received a letter from the representative of Iraq, in which he requests to be invited to participate in the consideration of the item on the Council's agenda. In conformity with the usual practice, I propose, with the consent of the Council, to invite that representative to participate in the consideration without the right to vote, in accordance with the relevant provisions of the Charter and rule 37 of the Council's provisional rules of procedure.

There being no objection, it is so decided.

At the invitation of the President, Mr. Sumaida'ie (Iraq), took a seat at the Council table.

The President: In accordance with the understanding reached in the Council's prior consultations, I shall take it that the Security Council agrees to extend an invitation under rule 39 of its provisional rules of procedure to Mr. Paul Volcker, Chairman of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme.

It is so decided.

I invite Mr. Volcker to take a seat at the Council table.

The Security Council will now begin its consideration of the item on its agenda. The Security Council is meeting in accordance with the understanding reached in its prior consultations.

At this meeting, the Security Council will hear a briefing by Mr. Paul Volcker, Chairman of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme.

I now give him the floor.

Mr. Volcker: I and my colleagues with me today greatly appreciate this opportunity to address the Security Council directly on the results of our inquiry.

Eighteen months have now passed since the inquiry was launched, with the full support of a resolution of the Security Council. That resolution was critically important in signalling Council members' interest in the investigation and in eliciting cooperation by Member States, their agencies and, importantly, the countries represented around this table.

Our assignment has been to look for misadministration or maladministration in the oil-for-food programme and for evidence of corruption within the United Nations and by contractors. Unhappily, we found both. The investigation and the findings are documented in great detail in the very large report before the Council. What I want to emphasize this morning are not the details, but the broad conclusions and recommendations the Committee has reached. They are summarized in the preface to our report, released yesterday, which I believe is in members' hands.

In essence, the responsibility for the failures must be broadly shared, starting, we believe, with member States and the Security Council itself. In the first place, the programme left too much initiative with Iraq. It was, as one past member of this Council has put it, a compact with the devil, and the devil had means for manipulating the programme to his ends. That basic difficulty was compounded by a failure to clearly define the complex administrative responsibilities shared between the Security Council Committee established by resolution 661 (1990) and the Secretariat, and by continuing political differences. The result was that no one seemed clearly in command. Delays in or evasion of decision-making were chronic.

The administrative structure and practices of the Secretariat and some agencies clearly were not up to the truly extraordinary challenge presented by the programme. Sadly, those weaknesses were aggravated by unethical and corrupt behaviour at key points at the top of the Office of the Iraq Programme and in the purchasing department.

There was a pervasive absence of effective auditing and administrative controls. Weak planning, sorely inadequate funding, and too few professional staff were all characteristic of the process. The absence of truly independent status for the auditing and control functions was a critical deficiency. Close cooperation among various United Nations organs apparently goes against the grain for agencies with their own funding, management and oversight. It is true that autonomy can bring benefits, but in a complex programme requiring a range of competencies, while at the same time

invoking common funding and a common purpose, absence of full cooperation should not be tolerated.

That is a litany of problems. Clearly, there is another side to the story — one of positive success. An expert study commissioned by the Committee confirms that the programme averted the clear and present danger of malnutrition and a further collapse of medical services in Iraq. That is no small achievement, especially when combined with the support that the programme provided for maintaining the basic sanctions against Iraq and its inability to obtain weapons of mass destruction.

The conclusions we draw will not surprise the Council. They emphasize the need for stronger operational capacity and authority. Specifically, we suggest or recommend that a new chief operating officer be appointed with a clear mandate and authority for administration. Our conclusions underscore the need for strong and independent auditing control and investigatory functions. And again, we recommend a strong independent oversight board.

These and other recommendations are common to most recent commentary and reports. What our work does is bring new dimensions to the discussion.

I believe our investigation is unprecedented in both scale and detail. It covers both the Security Council itself and the Secretariat in New York. It has touched directly on nine other members of the United Nations family.

Consequently, we do not believe our conclusions can be dismissed as simply reporting aberrations in one programme or something that can be smoothed over with patchwork changes. Instead, the problems are symptomatic of deep-seated systemic issues. Those issues arise in an Organization designed 60 years ago for a simpler time, an Organization then without large and complex operational challenges alongside its political and diplomatic responsibilities.

I believe I speak for my colleagues as well as myself in the conviction that in an unsettled world the United Nations will again be called upon — it is being called upon today — to deal with complex operational problems crossing national and disciplinary boundaries. The administrative ability and the technical capacity of the Secretariat and the agencies will be tested again and again.

A United Nations programme carries with it — and should carry with it — a strong sense of international legitimacy. No single nation or group of nations can match that potential quality. But we believe that more than legitimacy is essential to success. Support is, in the end, dependent upon credibility and confidence. And it is that credibility and confidence that have been challenged by the travails of the oil-for-food programme. To some degree, the Organization has been weakened.

That is why reform is so urgent. We commend our particular recommendations to the Council. And we urge the Council and the General Assembly to set firm benchmarks for progress. Quite specifically, action should be taken by the time the General Assembly completes its meetings in 2006. The opportunity for reform should not — in my view, must not — be lost.

The President: I thank Mr. Volcker for his briefing.

I welcome the presence of the Secretary-General, His Excellency Mr. Kofi Annan, at this meeting. I now invite him to take the floor.

The Secretary-General: As members know, it was on my initiative, and with the support of the Council, that in April of last year, Mr. Volcker, Justice Goldstone and Professor Pieth were asked to conduct their inquiry. I took that initiative not with a view to deflecting blame or to forging a political weapon against anyone, but with the sole purpose of uncovering the truth. I was convinced that only by revealing the full truth, however painful, could the United Nations regain its credibility and establish what changes were needed.

Mr. Volcker himself remarked, when presenting his first interim report, that few other organizations would have opened themselves to independent scrutiny as fully as this one has. And indeed, the truth as revealed in the successive interim reports of the inquiry and in this full report today is painful for all of us. There can be few people, either in the Council or in the Secretariat, who will take pleasure in hearing or reading the conclusions that the inquiry has reached.

Yet I believe we should all be profoundly grateful to Mr. Volcker and his colleagues for the work they have done and the report they have produced. I have no

doubt — no doubt at all — that the Organization will benefit from it.

My colleagues and I have only just received the full report, as Council members have, and therefore it would be premature for me to give a detailed response at this stage. But there are some things that I am ready to say now.

The report is critical of me personally, and I accept the criticism. Earlier this year the Committee concluded that I did not influence, or attempt to influence, the procurement process. And I am glad to note that that conclusion is reaffirmed.

But I accepted then, and still accept, the conclusion that I was not diligent or effective enough in pursuing an investigation after the fact, when I learned that the company that employed my son had won the humanitarian inspection contract. I deeply regret that.

The evidence of actual corruption among a small number of United Nations staff is also profoundly disappointing for all of us who work in the Organization.

But, while I have not yet had time to study the full text of the report, I am gratified to see that two essential points are made in the preface. First, the Committee notes that the programme did succeed in restoring and maintaining minimal standards of nutrition and health in Iraq, while also helping maintain the international effort to prevent Saddam Hussein from acquiring weapons of mass destruction. Secondly, it observes that the wholesale corruption within the programme took place among private companies manipulated by Saddam Hussein's Government.

More important, however, are the Committee's findings about the general management of the programme, which was characterized by weak administrative practices and inadequate control and auditing. Most important of all is the way those findings reflect on the system of decision-making, accountability and management throughout the Organization. Here too, as chief administrative officer, I have to take responsibility for the failings revealed, both in the implementation of the programme and, more generally, in the functioning of the Secretariat.

The report also finds that many of these problems were rooted in an unclear demarcation of roles and responsibilities among the Council, the 661 Committee and the Secretariat — and in particular in the Council's decision to retain substantial elements of operational control within the 661 Committee, composed of national diplomats working under highly politicized instructions from their home Governments, yet willing to take decisions only when there was unanimous consent among all the 15 members. This, of course, calls for reflection by Member States.

There are hard lessons for all of us to learn. They are lessons about the importance of accountability, particularly of having clear lines of responsibility and reporting, so that all officials and all parts of the Secretariat know exactly where their responsibilities lie. They are lessons about oversight, particularly about the need for mechanisms to ensure that when oversight reveals deficiencies, someone takes prompt action to repair those deficiencies. And, above all, they are lessons about the need for the United Nations to maintain the highest possible standards of integrity and effective performance.

We shall have to study all these lessons, and all the Committee's recommendations, with great care. It may well be that we shall have to propose specific new reform measures to put them into practice.

But one thing should be clear right now. The Inquiry's findings underscore the vital importance of proposed management reforms, many of which are at this very minute being negotiated by Members in the General Assembly with a view to their adoption, as part of a broader agenda of political and institutional change, by next week's summit.

As the Council knows, I have already embarked on new reforms in areas where I have discretion — reforms designed to improve the performance of senior management, to strengthen oversight and accountability, to increase transparency and to ensure the highest standards of ethics, notably by creating a new ethics office. But there are many key decisions that only the General Assembly can make.

As the Inquiry's report says, we cannot be sure, however much we might wish it, that fresh emergencies will not sooner or later impose on us new tasks as complex as the oil-for-food programme.

Therefore, it is vital that we review fully the rules governing our budgetary and human resources. The oil-for-food programme is only the most extreme example

of the wide range of new types of operation that Member States have called on the Secretariat to undertake in the last 15 years. It surely illustrates the point that our rules must allow us to attract, retain and develop a cadre of professionals with appropriate skills to manage such operations, to move them from post to post in a fair and practicable way and to rationalize the budgetary process, which at present is far too heavy, time-consuming and bureaucratic.

Even more obviously, it is vital that we build a stronger and better-resourced oversight structure and ensure that it is fully independent both from the Secretariat and from political interference by Member States. One important element in this new structure would be the independent oversight advisory committee proposed in the draft outcome document submitted by the President of the General Assembly, which corresponds closely to the Committee's recommendation of an independent auditing board.

But it is no less vital that the Secretary-General himself should be allowed to carry out his functions effectively, taking day-to-day decisions on the deployment of staff and resources without having to wait for prior approval from the General Assembly, this Council or their various committees. As the report says, one of the fundamental problems with the oil-for-food programme was that neither the Security Council nor the Secretariat leadership was clearly in command, and that turned out to be a recipe for the dilution of Secretariat authority and the evasion of personal responsibility at all levels. In future, the respective roles and powers of the different parts of the Organization must be clearly defined so that the Secretary-General knows precisely what is expected of him and Member States can hold him fully accountable for the results.

As I told the General Assembly negotiators last week, I know that none of you want a Secretariat that can always blame its failings on Member States, or Member States blaming their failings on the Secretariat. You want a Secretariat that is given clear instructions by Member States and then takes responsibility for its success or failure in carrying them out.

The findings in today's report must be deeply embarrassing to us all. The Inquiry Committee has ripped away the curtain and shone a harsh light into the most unsightly corners of the Organization. None of us — Member States, the Secretariat, agencies, funds and programmes — can be proud of what it has found. Who among us can now claim that United Nations management is not a problem or is not in need of reform?

On the contrary, as the Volcker report puts it, reform is imperative if the United Nations is to regain and retain the measure of respect among the international community that its work requires.

Next week's summit gives world leaders a golden opportunity to enact such a reform. But the negotiators are leaving it perilously late. There is a grave danger that the opportunity will be missed. I hope that I am wrong.

The President: I thank the Secretary-General for his statement.

Sir Emyr Jones Parry (United Kingdom): The United Kingdom is grateful to Mr. Volcker and the Secretary-General for their presentations.

I think this morning we need to remember above all that it is Saddam Hussein who remains the key culprit in the oil-for-food saga, as he sought continuously to corrupt the programme for personal benefit. Indeed, it was because of the humanitarian imperative that the Security Council and the United Nations Secretariat were obliged to reach less-than-satisfactory agreements with the Saddam regime and ensure a programme that would meet the essential needs of the Iraqi people. We have heard Mr. Volcker describe the circumstances of how that initial programme was put in place.

But none of that can excuse the corruption, the criminality and the mismanagement that took place. But in condemning that, let us not forget that the greater wrong that was done to the people of Iraq and to the region was done by Saddam.

This morning, we have heard the Secretary-General's acknowledgement of a personal and institutional responsibility. And with hindsight, it must be clear to all of us that many concerned in the circumstances of the time were too focused on other aspects of the Iraq problem, rather than on the accountable functioning of the oil-for-food programme. The report seems therefore to rightly highlight the shortcomings in the Secretariat's management, the part played by the Security Council in creating and

monitoring the oil-for-food programme and that of the Member States in enforcing Iraq's sanctions.

So, as far as the United Kingdom is concerned, we very much agree with the Secretary-General that in studying this report we have to draw lessons for the future, particularly on the question of management reform. The serious shortcomings that have been identified have to be corrected, and that underlines the need for a successful summit outcome next week, with real changes to secure the efficiency, the accountability, the transparency and, perhaps above all, the oversight that is necessary, and then to ensure that responsibilities are fulfilled by all concerned.

For our part, we fully support the Secretary-General in his efforts to ensure that the right lessons are drawn from this report and that action is then taken.

Mr. Bolton (United States of America): I thank you, Mr. President, for allowing Member States to express their preliminary reactions to the most recent report of the Independent Inquiry Committee. I also thank the Secretary-General for his comments today. And I thank Chairman Volcker for the important work he has done over the past year.

The United States will carefully review the report that Mr. Volcker has delivered, with one principal purpose in mind: to see how we can use the findings and recommendations made in his report to reform and improve the United Nations. Identifying those who failed to execute their responsibilities is a necessary part of the process; prosecuting wrongdoers is equally necessary. But what is most important is to consider the shortcomings of the oil-for-food programme as a catalyst for change at the United Nations.

It appears from the preface of the report of the Independent Inquiry Committee that, in spite of success in the humanitarian objective of ensuring that the Iraqi people were adequately fed, there is plenty of blame to go around for the failings of the oil-for-food programme. When we have had a chance to review the report, the United States may or may not agree with all of the findings of the Committee in that regard. What we can all agree on is that Saddam Hussein exploited the goodwill of the international community towards the people of Iraq. He exploited that goodwill in order to obtain billions of dollars for his own personal use and for the use of his regime so as to strengthen his authoritarian grip on his own people.

We can also agree that there was corruption both inside and outside the United Nations system and that that corruption allowed Saddam to achieve many of his illicit goals. There were bribes; there were kickbacks; there was lax oversight from the Secretariat. And some Member States turned a blind eye to that corruption.

We look forward to our heads of State arriving in New York next week to discuss, among other topics, the importance of reforming the United Nations system. We note the call by Chairman Volcker for greater auditing and management controls, including an independent audit board, stronger organizational ethics and more active management of the United Nations and its programmes by the Secretariat. Over the past several days we have been pushing for exactly that, only to meet with resistance from dozens of countries that are in a state of denial — countries which contend that business as usual at the United Nations is fine. This report unambiguously rejects the notion that business as usual at the United Nations is acceptable. We need to reform the United Nations in a manner that will prevent another oil-for-food scandal. The credibility of the United Nations depends on it.

Mr. Denisov (Russian Federation) (*spoke in Russian*): I should like at the outset to welcome the Secretary-General, Mr. Kofi Annan, and the Chairman of the Independent Inquiry Committee, Mr. Volcker. We thank Mr. Volcker for the report and commend him and the other members of the Independent Committee for their work. We have received the report, which is a comprehensive, detailed document. We will need time to examine it, and we will clearly pay close attention to that task.

However, having familiarized ourselves, before this meeting, with the preface of the report, and having listened today to Mr. Volcker and to the Secretary-General, I would like to say, by way of preliminary comment, that I share many of their conclusions. The United Nations humanitarian oil-for-food programme was authorized by the Security Council nine years ago as a measure aimed at easing the humanitarian suffering of the Iraqi people that resulted from the many years of comprehensive sanctions and embargo. The programme was in operation until March 2003, when it was suspended for reasons that are well known.

We believe that it is unfair to describe the humanitarian programme in solely negative terms. As I see it, in the report Mr. Volcker sets forth a true

understanding of the essence and nature of the humanitarian programme. I would like to remind the Council that he notes that the programme was designed correctly but that it was undermined in terms of its implementation. As we know, that is a frequent occurrence with operations that are of much lesser magnitude.

A discussion is currently under way on United Nations reform. The Secretary-General has proposed measures to improve the activities of the Secretariat; in general, we endorse and support them. We call on the Secretary-General to continue to make further efforts in that direction.

Despite the mistakes and miscalculations, the corruption and the grievous errors in implementation of the programme in general, it did show that broad actions of this type are possible and that the United Nations is in a position to provide assistance to civilians living under difficult conditions. Furthermore, as we see it, only the United Nations is capable of carrying out assignments of such a comprehensive, global nature. Unfortunately, recent events have demonstrated that major international humanitarian operations will still be called for. Right now, the most important thing is to adopt the necessary and correct conclusions as to how they are to be executed and managed.

Mr. Baali (Algeria) (*spoke in French*): I too would like to thank Mr. Volcker for his introduction of the report of the Independent Inquiry Committee. I would also like to thank him for the excellent work he did in chairing the Committee. It would be pretentious and utterly unreasonable of me to pass judgement at this point on a document that is many hundred pages long and that has just been distributed and introduced to us. However, I would like to make some preliminary general comments on the oil-for-food programme.

It cannot be denied that that programme — a humanitarian programme whose scope was by far the largest of any such United Nations operation — was able to save the lives of millions of innocent people against whom an implacable sanctions system had been imposed by the Security Council. Without the programme, they would have died. Furthermore, as the Committee has made clear, the existence of the programme meant that Iraq neither acquired nor developed weapons of mass destruction. That is not an insignificant achievement.

It cannot be denied, either, that the United Nations was quickly overwhelmed by the immensity and complexity of the tasks involved in managing the programme. The United Nations — first of all, the Secretariat — was not equipped, with regard to management and planning or control of the operation, to carry out so many tasks that had to be learned on the job. However, also and above all, the Security Council's major concern — if not obsession — was to make sure that goods sold to Iraq could not be used for military purposes. For example, contracts on the sale of buses and river vehicles were blocked on the grounds that such vehicles might be used for military purposes.

The Security Council must thus accept a very significant share of the responsibility for the aberrations that occurred, because it was the Council that created the programme, that monitored the sanctions that it had imposed and that authorized all the contracts relating to the provision of goods to Iraq.

It is clear that differences of opinion — as is so often the case — among some of the most influential members of the Security Council did indeed hinder the effectiveness of the Council's activities in ensuring effective control of the programme. It is also undeniable that, as a result of lack of vigilance on the part of the Security Council and the Secretariat, there was corruption in the activities of private companies that had a relationship with the Council, as well as with respect to certain Secretariat officials.

It is also undeniable that, from the time of the imposition of sanctions until the aberrations occurred in the programme, it was the people of Iraq who paid the highest cost. First of all, they were buffeted by the impact of harsh sanctions. The also suffered from extortion by their leaders, by corrupt private corporations and by certain Secretariat officials, having their wealth stolen from them.

The Volcker Committee's report is shattering and its judgment is definitive. The United Nations has failed egregiously. That is all the more serious given that, more than any other institution, its actions must be above reproach. The Committee has also pointed to the Organization's inadequacies, shortcomings and malfunctioning, as well as to the way to redress them. It has clearly highlighted the absence of truly independent auditing and control and indicated that the Secretary-General does not have at his disposal the structures and tools to enable him effectively to

supervise and monitor the operational activities of the Organization. The report correctly underscores the fact that the Secretary-General is today perceived more as a diplomat and a political official than as a manager. In that connection, the report also pays well-deserved tribute to the Secretary-General's work on the political and diplomatic fronts.

One lesson that the Council must learn has to do with the sanctions regime itself. The Council has indeed stopped applying sanctions in an impersonal — and I would even say blind — manner, but it should do more. Sanctions must be imposed as a last resort, they should be crafted in a way that does not impact upon innocent civilians, and they must be time-bound.

The ambitious reform programme we are involved in today — whose initiator and architect is the Secretary-General himself, in whom we have full confidence — provides us with the opportunity to make, in a prudent and well-thought-out manner but with a heightened sense of urgency, the changes needed if we want the Organization, for which there is no substitute, to be able to play its role on the international stage effectively, responsibly and with renewed confidence.

Mr. Oshima (Japan): We thank Mr. Volcker for his detailed introduction of the Committee's report. We also thank the Secretary-General for his observations.

We appreciate the high professionalism and the exemplary meticulousness with which Mr. Volcker and other members of the Committee carried out their task under difficult circumstances. Japan welcomes the present report. Because of its large volume and the sensitivity of the matter, we need time to study it carefully and thoroughly. However, at this stage we wish to make a few preliminary observations.

First, before we start pointing fingers at the problems and shortcomings that have come to light now, it is important to note the central fact that the oil-for-food programme succeeded in saving the lives and alleviating the suffering of many Iraqis over the several years that the programme functioned through its essentially humanitarian work, thus averting a major humanitarian catastrophe. As Mr. Volcker noted, that is no mean achievement.

The programme was indeed a serious attempt — of an extraordinary scale and complexity — designed to bridge the gulf between the need to maintain effective sanctions against Saddam Hussein's Government, on the one hand, and the need to ameliorate the humanitarian conditions of ordinary Iraqi people living under the regime, on the other. The programme was unprecedented in the history of the United Nations and the Security Council, in the scale and magnitude of the values involved and in the great complexity of operations that had to be executed and accounted for. My delegation therefore once again pays tribute to the many staff members of the United Nations who dutifully carried out their responsibilities under the programme without being in any way involved in any wrongdoing or corruption.

Secondly, that having been said, it is indeed unfortunate and serious that there were apparently certain lapses and instances of wrongdoing, which are unforgivable. The report is very thorough and comprehensive in its inquiry. Given the magnitude of the alleged corruption and mismanagement, and taking into account their political ramifications, the Committee was expected to meet a very high standard so as to help restore confidence in the United Nations. We are pleased that it has indeed met that challenge. In particular, the issue of ethics had never been taken up squarely by a United Nations report in such a fundamental way. Had it been left untouched, it might have become impossible to restore confidence in the United Nations. For that reason, the Committee's contribution is critically important. All Member States should take the Committee's findings and recommendations seriously, take those allegations that shake the international community's confidence in the United Nations very seriously, and try their best to restore that confidence.

Lastly, the four specific recommendations in the report concerning United Nations management reform are useful inputs for the ongoing discussions in the General Assembly on the summit that begins next week. We will study each one of them in detail. Member States, particularly including those that had a close relationship to the management of the programme in the Security Council, as well as the Secretariat, have a solemn responsibility to adopt and implement the needed managerial and other relevant reforms steadfastly, so that the Organization as a whole will learn lessons from the oil-for-food programme issues and regain the world's confidence in the United Nations.

Mr. Manongi (United Republic of Tanzania): We, too, join in thanking Chairman Volcker and his team for the report before us, as well as the Secretary-General for his statement.

As others have said, the oil-for-food programme is a programme that should never have been undertaken by the United Nations. We agree. It is a programme that has given rise to questionable practices that have largely only served to taint the Organization and undermine its international confidence. To a large extent, that is unfair. The oil-for-food programme did not and could not have run for years without the influence and oversight of Member States. This was not and is not a case of the Secretariat run amok without Member States' supervision. Chairman Volcker has made that patently clear in his introductory remarks. Whatever happened did so under the collective watch of the Council. As we receive this report, the need for balance must prevail, both in assessing what the Secretariat could have done better and what Member States ought to have done better. The Secretary-General has put it succinctly and well: there are lessons for all of us to learn.

We do not belittle the reported allegations of corruption. Corruption is a menace that must be fought at all costs. It raises transaction costs and, in the end, renders all of us victims. Any such allegations must be investigated, as has been done, and those responsible brought to answer to the law. Nonetheless, what was disconcerting for many of us was to witness, while the investigation was under way, a concerted campaign to paint the Organization, with one broad brush, as being inherently corrupt, incompetent and out of tune with current demands. That is deeply regrettable and incorrect. Corruption is not the preserve of any country, nor is it the preserve of public organizations alone. It can be found everywhere, including at the United Nations.

The report must not be taken to be an indictment of the vision, ideals and aspirations of the United Nations. Those lofty goals remain above reproach. We have an undertaking and an obligation to preserve them and to protect them. We have to make this Organization, and especially the Secretariat, better at serving those objectives. That is the challenge that faces us as we receive the report and as this Council and, especially, the General Assembly embark on examining its implications in an attempt to make this institution a better Organization.

Mr. De La Sablière (France) (*spoke in French*): Allow me to thank Mr. Volcker for presenting the final report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme. I also thank the Secretary-General for his statement.

France commends the submission of the report to the Security Council pursuant to resolution 1538 (2004), in which the Council, in April 2004, welcomed the appointment of the Committee at the Secretary-General's initiative. The Secretary-General acted courageously to ensure transparency and truth, and France pays tribute to him.

My country fully supported the establishment of that independent body and has cooperated fully and transparently with it. We have always hoped that the brightest light would be shed on the irregularities committed under the oil-for-food programme. The final report has been highly anticipated. We welcome the important work done by the Committee and its Chairman in a limited amount of time and in often difficult conditions.

We have considered the preface to the report that was made public yesterday. The French authorities shall carefully study its conclusions and recommendations before making a final statement on its substance. As a preliminary reaction, we would stress the following points.

First, as noted by Mr. Volcker, the oil-for-food programme was the largest, most complex and most ambitious humanitarian effort ever undertaken by the United Nations. Given its magnitude, political stakes and financial costs, it cannot be compared to any other programme ever launched by the Organization. The report stresses that the programme provided considerable assistance to the Iraqi people, thereby enabling it to surmount the threat of a humanitarian crisis and to maintain the international effort aimed at preventing Iraq from acquiring prohibited weapons.

There were a number of breakdowns. As Mr. Volcker pointed out, responsibility for those is collective. It fell above all to the Iraqi regime itself, but also to other players in the programme. All of us must now draw the appropriate lessons from the experience. In that regard, we note the recommendations in the preface of Mr. Volcker's report. We have every confidence in the United Nations ability to learn lessons from the report and to address

the dysfunction's highlighted by the Committee's inquiry.

Finally, we note that the Committee's report underscores the importance of achieving successful United Nations reform at the forthcoming summit meeting of the General Assembly. France shares that concern and reaffirms its determination to ensure that the summit will be a venue for in-depth reform of the Organization so that it may more effectively address the challenges currently facing the international community.

Mr. Mayoral (Argentina) (*spoke in Spanish*): At the outset, may I thank Mr. Paul Volcker for introducing the report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme.

I also wish to thank the Secretary-General for his important statement early in this meeting.

The clearest indication of the good work done by Mr. Volcker and his colleagues, Mr. Goldstone and Mr. Pieth, is the very lengthy report before us. Given that we obviously have not yet had time to study that very complex document, our immediate reaction here can be only preliminary. Once we have thoroughly analysed it and the conclusions and recommendations it contains, we shall comment further.

In our view, the conclusions presented by Mr. Volcker are extremely important and deserve thorough study, not only by the Security Council and the Secretariat, but also by the General Assembly, the agencies of the United Nations system, and, of course, each and every State Member of the Organization.

We continue to believe that, despite all its constraints, the oil-for-food programme was successful in alleviating the humanitarian crisis in Iraq over a number of years. It helped to provide food and medicine to innocent and vulnerable civilians. Unfortunately, as the report indicates, the programme was manipulated by Saddam Hussein's regime for political and economic benefit. Private companies also manipulated it, and we await a more detailed report on that aspect when the Committee completes its work.

The benefits to Saddam Hussein's regime were made possible, as has been noted here, by the many breakdowns in administration, planning, auditing and supervision on the part of the Secretary-General and the Secretariat. The Security Council also clearly bore a certain degree of responsibility in that respect, particularly on the part of its most influential members, which allowed their attention to and management of an extremely sophisticated and unwieldy programme to be distracted.

However, we believe that is all in the past. It seems important to us to think now about the future and to act collectively in the implementation of in-depth reforms that will make it possible in the future to solve the problems identified by the Committee so as to avoid the recurrence of this kind of situation.

However, based on what he have just heard, we think it is important to underscore the fact that that reform, like all reforms that the United Nations should carry out, is a responsibility of all Member States — all the Member States of the Organization. The Security Council also has a responsibility in that area, and it is for that reason that we are prepared to work within the Council, with the requisite energy, to attempt to restore confidence in the Organization in this extremely important year for its reform. We believe that is the single major undertaking we should carry out at the moment in order to be able to mount future missions with the magnitude and complexity of that attempted by the programme we have been speaking about.

Mr. Sardenberg (Brazil): I wish to thank Secretary-General Kofi Annan for his statement this morning. My delegation also wishes to thank Mr. Paul Volcker for the report and for his briefing on the main findings of the Independent Inquiry Committee on the oil-for-food programme. In view of the comprehensive nature of the document we have received, I shall confine myself to a preliminary reaction.

The complexities involved in executing a multibillion-dollar programme throughout the better part of a decade of work recommend careful scrutiny and consideration of the findings published by the Committee. We trust those findings will shed light on the numerous allegations of mismanagement and other accusations relating to the oil-for-food programme. We remain hopeful that they can provide definite answers to doubts and suspicions regarding this matter.

My delegation believes that the report should be approached in a forward-looking, systematic manner to promote, on the basis of its findings and recommendations, the establishment of adequate oversight mechanisms able to ensure that the ascertained wrongdoings and mismanagement will not

happen in the future. It must be kept in mind, however, that the oil-for-food programme was unanimously established by the Security Council and that it achieved its aims of providing essential humanitarian assistance to the needy population of Iraq under international sanctions and in other difficult situations.

Currently, all attention is directed towards preparations necessary to make the upcoming high-level plenary event a success. With little more than a week to go before the event, we are all engaged in delicate, complex negotiations to ensure that the summit's outcome will be commensurate with its dimensions as the greatest gathering of world leaders, perhaps in all time. All efforts, therefore, should be made to ensure that the issuing of the report at this particular time does not have the unintended effect of diverting attention away from the high-level plenary event. Conversely, the imminence of the summit must also not lead to a less-than-ideal consideration of the findings of the report itself.

As far as the work of the Committee is concerned, my delegation is very interested in receiving the upcoming report focusing on the private companies involved in the oil-for-food programme. It will contribute an important — perhaps indispensable — dimension for the correct assessment of the shortcomings of the programme.

Ms. Løj (Denmark): I too wish to thank Mr. Volcker for his briefing and his introduction of the report of the Independent Inquiry Committee. Likewise, I thank the Secretary-General for his important statement.

During the coming days, Denmark will study the wide-ranging findings and conclusions of the report. We look forward to further discussions of the report. However, our preliminary reaction is the following.

As expected, the report points to various deficiencies in the management structures, administrative procedures and accountability mechanisms of the United Nations, which led to serious incidents of abuse and corruption in the oil-for-food programme. The report also makes clear that the responsibility for the shortcomings of the programme must be widely shared among Member States, private companies and United Nations personnel. However, it must not be overlooked that the report underlines that the programme did contribute significantly to alleviating the humanitarian suffering of the Iraqi people. But, likewise, the report also underlines the importance of successful administrative reform of the United Nations.

Denmark has long supported proposals to reform the management of the Organization. If the United Nations is to have full credibility, it must have a transparent, effective and accountable system for managing its resources. We therefore note the Commission's focus on the need for thorough administrative reform and more reliable controls and auditing, as well as strong executive leadership. The responsibility to ensure that rests with the Member States of the Organization — members of the Security Council as well as members of the General Assembly. The time has come, and it is short, for bold decisions on reform of the management of the United Nations. The summit next week must take such a decision.

Mr. Vassilakis (Greece): The last two years have definitely been very difficult for the Secretary-General. But we all followed his courage, determination and candidness in presenting suggestions and making changes, starting with the appointment of the Independent Inquiry Committee. I think his statement today proves what I just said.

We thank Mr. Volcker and the other members of the Committee for today's briefing and their submission of the Committee's report to the Security Council. If I had to judge it simply on its size, the report would certainly appear to reflect more than a year's work done by dozens of attorneys, investigators and forensic specialists. However, regardless of the size of the report, what is important is what it contains. As to its contents, we have been given a small insight by both the preface, which was posted yesterday on the web page of the Independent Inquiry Committee, and Mr. Volcker's briefing this morning.

It is understandable that, in order to do justice to the extensive work done by the Committee as well as in order to draw possible lessons for the future, we have to study the report carefully and scrupulously examine the findings contained therein. Needless to say, that will take some time, but no matter how long it takes, something needs to be done, and in a coherent and level-headed manner.

We must not be too quick to draw conclusions under pressure as to whether the credibility of the United Nations has been seriously undermined by the workings of the oil-for-food programme. One should

not forget that, as the Committee states, the programme served well the nutrition and health needs of the Iraqi people, which were disregarded so much and so continuously by Saddam. At the same time, the programme prevented Saddam from acquiring weapons of mass destruction.

I suspect that much of what is contained in the report reflects essentially the nature of the beast — that is, the nature of the United Nations itself. We must not forget that the United Nations is a unique Organization, unlike any other in the world. It is the sum of all its parts, and its parts include, inter alia, 191 sovereign Member States and countless different bodies, specialized agencies, commissions, and so on.

The inquiry into the oil-for-food programme provides us with valuable information as to how we can improve the workings of this common Organization. I am confident that all of us will take those findings into serious consideration in our shared desire to ensure that the optimum effectiveness of the Organization in all areas — especially in the fields of management, transparency and accountability — is being realized as we all strive to do in our respective countries.

Mr. Motoc (Romania): My delegation, too, commends Chairman Volcker and his team for the impressive work carried out in record time to review the management of the oil-for-food programme, the most complex humanitarian programme ever entrusted to and managed by the United Nations.

In April 2004, the Council proceeded to adopt resolution 1538 (2004), expressing support for the Secretary-General's initiative to appoint this panel. On the one hand, we were guided at that time by what we perceived to be a common interest of us all: to achieve maximum clarity and to shed light on delegations' concerns related to the management of the oil-for-food programme. On the other hand, we trusted that the outstanding credentials of Mr. Volcker and his colleagues would ensure the high standards of impartiality, independence and professionalism that one would expect from that truly exceptional inquiry.

We have read the executive summary of the massive report and we have noted that the overall investigation has come to "unambiguous conclusions". We cannot be expected, however, to have become fully acquainted with the findings of the final report, the grounds for those findings and, least of all, the entire range of political, legal and organizational implications of those findings. I will therefore make only a couple of preliminary points based on aspects that appear to be manifest already at this early juncture.

First, as highlighted in the previous interim reports, several key factors combined to produce shortcomings and failures in the management of the oil-for-food programme: the primary role of the former Iraqi regime in turning the programme to its own advantage; the endemic corruption prevailing on the ground; the absence of an adequate checks, controls and auditing mechanism within the United Nations system; individual acts of corruption and malfeasance within the Secretariat; and the imperfections of the Security Council-imposed sanctions, as well as their uneven implementation by Member States. However, we should not overlook the fact that the programme did achieve positive results in a difficult attempt to reconcile and balance tough sanctions with the needed supply of humanitarian goods for the Iraqi people.

Secondly, the final report indicates that the Organization and the Secretariat "were simply not fit to meet the truly extraordinary challenges presented by the oil-for-food programme or even programmes of much lesser scope".

Thirdly, the inquiry has, in our view, held the Organization to very high and egregious standards of accountability. Of course, we cannot settle for anything less for an Organization that is expected to be a beacon of our joint endeavours in the world. We cannot, on the other hand, be unfair and overlook the very complex context in which the reported failures occurred, just as we cannot overlook the unprecedented nature and magnitude of the oil-for-food programme.

The findings of the Inquiry Committee signal once again the urgent need for United Nations reform to embrace the need to establish new organizational ethics and standards within the Organization. Although preliminary, the look we are now taking at the report before us conveys a strong argument for keeping up the momentum for United Nations reform, including with respect to the issue of the Organization's internal management. It is true that that is not within the sole purview of the Security Council, and it is up to the United Nations system as a whole to draw upon the findings of the Volcker report.

The findings do, however, have evident implications for the future undertakings — both

political and operational — of this important body. My delegation is prepared to further pursue the examination of the full range of implications deriving from the important document now in our hands. In doing that, we feel bound to bear in mind a very precise definition of what the Security Council stands for within the United Nations system and of its responsibilities and connections with regard to both the oil-for-food programme and the investigation just concluded.

Mr. Zhang Yishan (China) (*spoke in Chinese*): I should like at the outset to thank Mr. Volcker for his briefing and the Secretary-General for his statement.

China appreciates the work of the Independent Inquiry Committee over the past year. We believe that the inquiry will enable all parties to better understand the problems that occurred in the oil-for-food programme. The report just presented by Mr. Volcker contains more than 1,000 pages involving a series of recommendations and important issues. China will study the report closely, and we look forward to future Council discussion of it.

Mr. Aho-Glele (Benin) (*spoke in French*): We thank you, Sir, for having convened this meeting to enable us to exchange views on the publication of the final report of the Independent Inquiry Committee, established by the Secretary-General to look into allegations of embezzlement related to the oil-for-food programme.

My delegation congratulates Mr. Volcker and his entire team on presenting the report, in which Benin takes great interest. Now that the report has been issued, United Nations Member States should study it with all due attention so that they can draw lessons from it and undertake the necessary reform of the relevant United Nations structures. While we believe that the report must be studied closely, it is currently available only in English. We hope that it will shortly be available in all other United Nations languages.

Thus, my delegation is not in a position to express its views on the substance, but at this preliminary stage, Benin would like to pay tribute to the Secretary-General for the far-sightedness and the courage that he demonstrated in first commissioning the Independent Inquiry Committee and for his determination throughout the process to act in a transparent fashion with respect to this matter, which, we must acknowledge, is highly sensitive.

Benin also welcomes the initiative of the Secretary-General to promote a new ethic in the management of the Secretariat. The failings revealed in the functioning of the structures concerned and in the coordination and cooperation among the various organs of the United Nations provide lessons that justify the reforms now under discussion. Measures advocated by the Secretary-General and the President of the General Assembly in that regard are very encouraging.

We welcome the invaluable contribution of the programme to alleviating the suffering of the Iraqi people under the weight of economic sanctions. That key objective having been achieved, Benin believes that we must now all seek appropriate solutions to the shortcomings identified and avoid diverting our attention from the imperatives of democratizing and strengthening our Organization.

The President: I shall now make a statement in my capacity as representative of the Philippines.

We join the other members of the Security Council in thanking the Secretary-General for his important statement. We are also grateful to Mr. Volcker for presenting to the Security Council the Committee's final report on the oil-for-food programme.

The programme was admittedly the largest, most complex and most ambitious humanitarian relief operation in the history of the United Nations. It is therefore natural that an assessment or evaluation of a programme of that magnitude would require an elaborate process. It is also understandable that a project of that scope would produce a voluminous outcome document to highlight its multifarious aspects, ranging from programme management and administration to programme effectiveness. Given the complexity of the programme — not to mention the lengthy report that documents it — we certainly need more time to further study the many findings and recommendations that Mr. Volcker and his group have suggested in the report.

However, it is timely that this report should come at this stage, when the whole of the United Nations is busy talking about reform. The reform of the United Nations is one of the things that the report calls for in order to improve the Organization's overall effectiveness in the future, given the upsurge of threats and challenges that the Organization faces. It is that same reform that the Secretary-General has advocated

in his "In larger freedom" report. More important, it is also the reform of the United Nations system that the High-level Plenary Meeting will discuss next week. In short, this is a question of urgent reform, and the time for that reform, as the Volcker report has rightly put it, is now.

As the whole of the United Nations reviews the overall management system, it is important to ensure that appropriate reform measures be put in place and incorporated into a draft outcome document that our leaders can adopt in a week's time.

With respect to the subject of reforms, the Philippines commends the Secretary-General for initiating the whole reform process of the United Nations even before the creation of the Independent Inquiry Committee to review the oil-for-food programme.

The Philippines is confident that many of the recommendations, as well as the lessons learned from the report, will serve very well as substantial inputs for the ongoing reform process of the United Nations.

I resume my functions as President of the Council.

I give the floor to the representative of Iraq.

Mr. Sumaida'ie (Iraq): I thank you, Sir, for allowing Iraq to participate in this meeting. I did not realize until I arrived here that I had the right to speak, so, I did not prepare a statement, but if you allow me, I will make some brief remarks based on what I have heard.

First, I would like to express my appreciation to Mr. Volcker and his team for the very thorough and extensive inquiry that they have conducted. I would also like to express my thanks to the Secretary-General for his remarks and say that it is very much to his credit that he commissioned the inquiry in the first place.

In taking control of oil revenues in Iraq to run the oil-for-food programme, the Security Council in effect appointed itself the guardian of the Iraqis' wealth. Therefore, it had a responsibility to discharge that function, together with the Secretariat. From all the conclusions that have been reached by the Volcker Committee, it is very clear that the Iraqi people have not received full value for their money. For various reasons, they were robbed of a great deal of what was theirs by right. The lessons will continue to be studied and various actions will be taken, but that loss is permanent. Thus, at the end of the day, the Iraqis paid the price for whatever failings and shortcomings arose.

It is also clear that the main beneficiary of the recommendations of the Volcker Committee is, in fact, the United Nations, because the report has pointed to systemic shortcomings and problems that had to, and have to, be put right. All the speeches that we have heard today echo that conclusion. Indeed, the Secretary-General has clearly stated that that is now one of his central objectives.

For some reason, however, Iraq had to pay the bill for arriving at this point. We were the people who paid for the Volcker Committee; we protested. I must say that, regrettably, that was decided with the tacit consent of the Security Council and implemented by the Secretary-General.

Now we have to think of the future. We will go forward and, hopefully, turn the conclusions of the Volcker Committee into action that will rebuild the credibility of the United Nations, which we all need. Iraq is a proud founding Member of the United Nations and dearly wants the United Nations to continue to play its great role in the world and in Iraq itself.

Therefore, thinking forward, I would call upon the Council to consider the formation of a nucleus or group — perhaps a small part of the Volcker team itself — this time funded by the United Nations, to help Iraq pursue assets belonging to it that have been dispersed, let us say, through the oil-for-food programme. The Volcker Committee has, I believe, identified many, many ways in which assets have been taken away from Iraq. Some of those assets could be retrieved if we all cooperate in a systematic way. I hope that that will be taken up by the Council. We remain ready to work with any member of the Security Council to make that happen. That would, at least to some extent, recompense Iraq for some of its losses.

I would like to thank you, Sir, for having given me the opportunity to speak, and I hope my remarks lead to some concrete actions.

The President: There are no further speakers inscribed on my list. The Security Council has thus concluded the present stage of its consideration of the item on its agenda.

The meeting rose at 11.55 a.m.